



Member of the Executive Council
for Finance
FREE STATE PROVINCE

2022 MTEF BUDGET

FREE STATE PROVINCIAL BUDGET SPEECH

Hon. Gadija Brown

MEC for Finance: Free State Province

10 March 2022

Hon. Speaker Me. Zanele Sifuba;
Deputy Speaker Me. Lucy Mapena
Hon. Premier Me. Sisi Ntombela;
Members of the Executive Council;
Members of the Free State Legislature;
HE Ambassador of South Africa to Qatar: Mr Moosa
Executive Mayors, Mayors and Councilors;
House of Traditional Leaders
Board Members of State owned Institutions
Chairpersons of various Seta's
Director-General of the Province, Heads of respective Departments, Chief
Executive Officers and leaders of our public and private institutions;
Municipal Managers;
Leaders of Industry
Leaders of Business
Leaders of Civil Society
Special Guests;
Esteemed Ladies and Gentlemen.

Dumelang!

Molweni!

Goeie middag!

Good afternoon!

Honourable Speaker, It is an honour and privilege to table before this House the 2022 Medium Term Expenditure Framework MTEF Provincial Budget Speech for the Free State Province.

Honourable Speaker, before I begin with the tabling of the Provincial Speech 2022, I would like to send my heartfelt condolences to family of Ms. Lettia Ntlhake- Modise who worked at the Department of Sports, Arts, Culture and Recreation. Gender based violence, which in many cases leads to tragic fatalities are still prevalent within our communities, we will continue to fight this pandemic and we will not be tolerant of any type of abuse even within our very own departments.

Honourable speaker, the tabling of the Provincial Budget coincides with the International Women's Day which was celebrated on the 8 March 2022. This day has been earmarked for the celebration of the historical, cultural and political achievements of women across the globe. Throughout history, women have always had to fight for their recognition in social, political and economic environments. We pay tribute and salute women like: Dr. Ngozi Okonjo-Iweala, the first female and first African to head the World Trade Organisation; Dr. Ellen Jonhson Sirleaf, former President of Liberia who is a recipient of the Nobel Peace Prize for her efforts to further women's rights; and our own Dr. Phumzile Mlambo-

Ngcuka, the former Deputy President of the country and former Executive Director of United Nations Women. These women are an inspiration to young people all over the world who aspire to serve their nations.

As I further table this provincial budget Hon Speaker, the world bank completed a study and pronounced yesterday that South Africa is no 1 of 164 countries that is the most unequal country in the world with race playing a determining factor in society where 10% of the population owns more than 80% of the country's wealth. By EWN news 9 March 2022. From a humanitarian perspective, no country can flourish without all its citizens participating in the mainstream economy. When we say that we should defend our democratic gains, this is one mandate we should hold fiercely and robustly when it comes to economic transformation.

Global Economic Outlook

Honourable Speaker, a broad overview of the global economic growth in 2022 shows a weaker than expected growth rate, mainly due to the high transmissibility of the less fatal Omicron variant, rising energy prices (notably, oil), the Ukraine Russian conflict, the continuing US-China trade tension, and persistent global supply chain disruption. The cumulative

effect of these unanticipated emergent shocks on global growth has led to tight financial conditions and higher inflation across the advanced and emerging and developing economies (EMDEs), creating a tight financial condition and spinning in domestic currencies.

To paint a clear picture, the latest growth projections in January by the International Monetary Fund (IMF) reveal a dampened global growth of 4.4% in 2022, compared to the predicted 5.9% global growth rate in October last year, with a further decline to 3.8% in 2023.

Further, geopolitical tension remains a downside risk to global growth, inflation rate and commodity prices. A case in point is the ongoing Russia-Ukraine conflict which has led to a raft of sanctions being imposed on Russia—a significant source of oil and natural gas supply—by, for example, the US, Britain, France, the European Union, Canada, and Australia, since last week have already affected global prices of oil, which topped \$100 per barrel for the first time since 2014. However, the Russian–Ukraine tensions could cause oil scarcity and raise fuel prices globally.

Domestic Outlook

On economic growth, projections by the National Treasury expects the South African economy to slow down to 2.2% in 2022, with a further decline to 1.6% in 2023. Despite South Africa's gain from rising commodity prices, the contagious Covid-19 pandemic, the recent social unrest in July 2021 (in Gauteng and Kwazulu-Natal), and the interrupted electricity supply due to load shedding exert a notable adverse impact on economic activity, total productivity, and employment growth.

The annual inflation rate in South Africa rose to 5.9% in December 2021, prompting the South African Reserve Bank to raise the interest rate by 25 basis points. This contractionary policy stance causes a marginal reduction in the inflation rate to 5.7% in January 2022. The latest Monetary Policy Committee (MPC) statement released on 27 January 2022 affirms an expected average inflation rate of 4.9% for 2022, after the inflation rate in 2021 averaged at 4.5%. With rising oil and fuel prices and electricity costs, it is anticipated that the inflation rate will only move below the 5% level towards the second half of the year

Provincial Economy

Honourable Speaker the rapid rollout of vaccines has strengthened the economic performance, which has boosted business confidence and investment and ensures that there is no going back to the hard lockdowns of 2020. However, we are still confronted by increasing variants of the coronavirus disease like the Omicron variant. Honourable Speaker, the provincial economy is projected to grow at an average annual growth rate of 1.8 per cent from 2020 to 2025.

This weak economic outlook has spurred the province to look for alternative solutions, and one of those solutions is to prioritise local procurement to assist local businesses to participate fully in the value chains, and thus enable them to employ more local people. In line with the Free State Provincial growth and development strategy, the following programmes will receive attention:

- Supporting infrastructure projects to be delivered on time and budget.
- Procuring from local businesses
- Support SMMEs and Co-operatives, owned by Africans in particular, women, youth and disabled people.

- Agricultural support
- Tourism support
- Improving and supporting e-government and e-learning, an issue that was sharply raise in Grade 12 budget competition essays so that no learner is left behind.

Honourable Speaker, despite the tumultuous macroeconomic conditions, labour-, and fiscal–challenges that South Africa is facing, as succinctly painted in the preceding discourse; I remain optimistic that, over the MTEF period, strict adherence to a conservative and growth-enhancing fiscal consolidation strategy, a significant reduction in government debt and associated borrowing costs, political-willingness to implement well-targeted structural reforms that have expanded social protection and redistribution at its core, a proactive plan to curtail the expanding public wage bill, as well as intensive public investment in durable infrastructure, among others, would go a long way to support an inclusive 'job-creating' growth, and also ensure financial sustainability in the long-run.

Job Creation and Economic drivers

Honourable speaker, in order to continue with our commitment as a provincial government, to create a conducive economic environment for the province to grow, we have to unpack key economic drivers.

Water

By 1994 only 51% of the South African population has access to clean drinking water. During 2020 we had increased that figure to 88.6%. The Municipal Infrastructure Grant (MIG) was allocated R781 million in the 2021/2022 municipal financial year as per the Division of Revenue Act. A total amount of R210 million is allocated for Capital Water projects, R203 million on Sanitation projects, R171 million on Roads and Storm Water projects, R31 million on Sport Facilities and the balance of the allocation on projects such as cemeteries, fencing and capacitation of Municipal Project Management Units. Capital water projects is by far the leading line item which reiterates our commitment to improve on our target. Bloem water will be launching a mega project of R500 million from Welbedacht dam to Bloemfontein and also upgrading the Rustfontein water works.

Electricity

By 1994 only 36% of the South African population had their homes electrified, whilst in 2020 we have increased that percentage to 84%. Support the national government's effort on reforming the electricity sector to allow the competitive power supply to address electricity sustainable supply shortage in South Africa. This intervention entails the lifting of the registration threshold of embedded generation to 100 megawatts (MW), and amendments to the Electricity Regulation Act of 2006. It is in this spirit that President Ramaphosa (in June 2021) raised licensing threshold for self-energy generation from 1MW to 100MW solely to expand the capacity of electricity generation. It has been argued that this particular reform makes electricity generation competitive, thus ensuring that electricity supply sufficiently meets quantity demanded, and end load shedding. Also, independent grid operators would be able to purchase electricity at the lowest price either publicly from Eskom or private energy generators.

Land

During the 2021 State of the Province address, Our Honourable Premier Sisi Ntombela outlined the following and I quote “We have commenced with our programme to distribute land to our people. We have four

thousand, eight hundred and seventy-two land parcels valued at over eleven billion rands. Of these total number of pieces of land, two thousand, six hundred and twenty-six have been earmarked to be transferred to the rightful beneficiaries.”

As a province, we will continue the distribution of land within the prescripts of the regulations and the land management act. It cannot be emphasised enough that land is a key economic driver and tool to create sustainable jobs.

Public Private Partnerships

PPPs are designed to meet the institution’s needs and to fill the funding gap the state might have. PPP projects often involve the private sector design, build, funding and operating (BDFO) the required infrastructure. A well-constructed and managed PPP takes advantage of the potential for efficiency gains through the use of the private sector. Free State Provincial Government commits to Deepen Private-Public Partnerships (PPP) to:

- (i) improve gross productivity growth,
- (ii) drive technological and skill spillover from the private sector to the government, and

- (iii) allow efficient execution of infrastructure projects.

National Treasury has completed a review of the PPP regulatory framework to address regulatory challenges, and the pace of planning PPP projects to allow swift service delivery.

ON INFRASTRUCTURE

The Total Infrastructure projects for the province for the 2022/23 financial year is R4,564billion, the percentage share for metro and districts are as follows:

- 31% - Mangaung Metro
- 20% - Fezile Dabi District
- 19% - Thabo Mofutsanyana
- 16% - Lejweleputswa
- 7% - Xhariep.

Infrastructure is a central lever for investment and key for creating job. The national guideline used as conservative base, indicates that for every R1 million spent, seven full equivalent jobs will be created. Treasury will monitor this outcome. The province's committed to a fair and equal distribution of resources across districts.

Madam Speaker, under spending on infrastructure conditional grants remains a challenge to our infrastructure development. As the executive we hold departments accountable on quarterly review at exco. We condemn constant vandalism on construction sites we also wish to inform SMMEs that with the inclusive initiative on projects we intend to involve local contractors, the vigilantism on our projects threaten their successful completion, compromising value for money and quality of delivery, we urge contractors to resolve challenges for projects to be completed on time.

Honourable Speaker, in the previous budget statement I had indicated that the province would invest more than R13.8 billion in Infrastructure development over the next three financial years. For the 2022/23 MTEF total allocation for infrastructure is R4.564 billion for 2022/23, R4.524 billion for 2023/24 and R4.742 billion for 2024/25. We are hopeful that this investment will contribute significantly towards the development of our province while providing opportunities for communities and SMMEs not only in the direct contractual agreement with government, but across the construction supply chain too. "Local is Lekker"

Road Infrastructure is critical to economic growth. Our province's core competitive advantage is its central position as distribution and logistics sector flow through various road notes throughout this province. We intend to spend R279 million on existing infrastructure earmarked for rehabilitation and upgrading of our roads during the 2022/23 financial year. A further R967 million is set aside to ensure that the roads in our province are properly maintained whilst a small portion of R10 million will be invested on new roads and national department of roads intends to invest R1 339 Billion.

Technology

The Department of Agriculture and Rural Development through conditional grants, will continue to support "farmer producer support units" with production inputs in line with the Agri-Park Programmes. The department has further moved into the 4th Industrial Revolution wherein agricultural drones are being utilized for fungicides, weedicides and pesticides. Likewise, the security drones are also utilized for surveillance purposes to curb livestock thefts in the province particularly in the areas of Thaba-Nchu, Botshabelo and Ladybrand.

Destea has also supported SMME Start – ups by investing in the Botshabelo ICT hub and the Office of the Premier in the CUT 4IR programme.

Industrialisation

Hon Speaker, industrialisation in areas such as Maluti A Phofung, Botshabelo and Thaba Nchu is a key lever in the strategy for ongoing stimulation of our provincial economy, In case of Maluti A Phofung, we will continue to rent out existing factories for manufacturing and service industries and to a lesser extent retail (wholesaling) and warehousing (storage). We have a total of 296 factories in the Phuthaditjhaba Industrial Park. A further 140 in Botshabelo, land and tailor made top structures are available in the MAP-SEZ. Developing an Industrialisation, manufacturing and producing province is high on the priority list in line with the Free State Growth and development strategy. This will not only create job opportunities, it will further provide access to opportunities for SMME's and growth in other linking economic sectors.

Investment Promotion

There is nothing wrong with the creation of a marketing strategy for our province Honourable speaker, we call on investors to explore the

possibilities of this province, we have a young youthful and vibrant productive population. We would like to urge local government to be innovative in their various investment incentives whilst sticking to the regulatory prescripts in calling for solutions or proposals. The conditional grants contributions for the metro and districts are presented as follows:

Mangaung

Mangaung has the ability to reignite the logistics and freight hub, including the finalisation of the plans for the cargo port at Bram Fischer International Airport. It will continue with the investment of the N8 Corridor and the regeneration of the CBD. Conditional grants for Mangaung amount to R938,3 million for the 2022/23 Financial Year.

Xhariep – It is the largest district in the province, making up just more than a third of its geographical area. Home to the biggest dam in South Africa, rich in Sheep and Ostrich farming and an advantageous surface area for the subs radius. Opportunities in this area are:

- Mixed farming opportunities
- Renewable energy and energy saving data centres

- Tourism

The conditional grants invested in Xhariep district amount to R318.7Million.

Thabo Mofutsanyana – This district has huge potential for tourism development because of its scenic beauty and its rich cultural heritage. The N3 and N5 National Roads pass through the district, and the famous Golden Gate is found in the area on the slopes of the Drakensberg Mountains. Conditional grants allocated to this district amounts to R1, 635Billion.

Fezile Dabi - the Vredefort Dome, being the third-largest meteorite site in the world, is located within the district and although this district has the smallest Geographical area in the province, it has largest growth by sector performance in the province. The conditional grant amount allocated this year to this distict is R1.033billion.

Lejweleputswa - The district makes up almost a third of the province and it is accessible from Johannesburg, Cape Town, Klerksdorp and Kimberley along the N1, one of the country's main national roads. The key

sectors are agriculture, mining, construction and transport. We have an amount of R1.226billion allocated to this district for this financial year.

The economic cluster in their various departments and entities will outline further plans to stimulate the economy during their individual departments budget speeches.

Let's discuss Governance

The Organisation for Economic Co-operation and Development (OEC) describes value for money as striking the best balance between the “three E's” – economy, efficiency and effectiveness.

How is value for money integrated into the Provincial FISCAL FRAMEWORK ?

Madam Speaker, the trajectory of fiscal consolidation stance remains steadfast over the MTEF ahead. Fiscal consolidation will therefore continue as a means of curbing government debt and fiscal deficits.

Hon. Speaker; the provincial fiscus remains tight as compared to the growing needs for services. Ours is to ensure that the very limited rand in our disposal meets the expectations of our citizenry, we have to be bold and take decisions that seek to maximize service delivery to our people.

In the MTEF period ahead we will continue with our chosen fiscal strategy which includes, amongst others, thorough evaluation of budget baselines for identification of savings, reprioritisation of budgets to key pressures, creation of provincial reserves, scaling down on non core programmes and prioritization of high impact programmes such as delivery infrastructure projects. In creation of efficiencies we will continue to strengthen our oversight role to ensure timely implementation of projects and programmes. A critical aspect of these strategies Madam Speaker, is to ensure that right skills for the job at hand.

Risk and Audit

Hon. Speaker, the appointment of strong Audit Committee members will be of a great value towards effective oversight to hold departments and entities accountable. As a province, we are confident that with complementary skills the Committees have, the intended good governance will improve and we will meet our departmental targets. The risk and audit committees provide a second level of ethical and good governance oversight function to all departments.

Audit Improvements

Madam Speaker; I was delighted by the recognition given by the Auditor-General in sighting the year-on-year progress on the Annual Financial

Statements of the province. Although the Audit Outcomes for the 2020/21 financial year remained stagnant from 2019/20, there was an improvement of 29%. In the number of disclaimer/qualification paragraphs for 2020/21 (22) from the 2019/20 financial year (31) and the total number of non-compliance with laws and regulations by departments and entities improved by 5% from 169 (2019/20) to 161 (2020/21) financial year. No department received a disclaimer of audit opinion during the 2021/21 financial year while unfortunately, one entity retained a disclaimer of audit opinion during the 2021/21 financial year.

Madam Speaker, all Executive Authorities, Accounting Officers, Chief Executive Officers and Chief Financial Officers of departments and entities signed pledges on the 11th of November 2021 to quality service delivery, good governance and fiscal & financial management to further promote the improvement of the audit outcomes in the Province.

Irregular Expenditure

To reduce the accumulated Irregular Expenditure of the Province, EXCO initiated an intervention project for the investigation of irregular expenditure incurred in previous years to reduce the backlog in investigations. The project started in March 2019 with investigations in

five departments and one entity continued for 2 years until 12 March 2021. During this period, we have investigated 4 503 cases to a value of R13.5 billion across all Free State departments and one entity. 322 Cases to the value of approximately R130.3 million could be removed from the irregular expenditure reporting as the determining tests revealed that the expenditure does not meet the definition of irregular expenditure as stipulated in the PFMA. 609 Cases to the value of R272.1 million were identified where possible losses were identified that the Accounting Officers should further investigate and take action for recoveries of money, if needed. Madam Speaker, 235 attendance certificates were issued to officials that attended training sessions at the PwC business school as part of capacity building. Madam Speaker, to enhance the existing internal controls, the root causes for the transgressions were determined during the investigations and remedial controls recommended to prevent future irregular expenditure. Consequence management is an integral part of reducing the irregular expenditure in the province and therefore each investigation report that was finalised included the names and roles of all officials involved in the procurement and payment process that led to irregular expenditure. This allows the accounting officers to consider and implement the relevant disciplinary processes through their human resource and legal units. This should also set the tone for

changing the behaviour of officials when it gets to compliance with laws and regulations with procurement of goods and services.

Provincial Treasury continues to monitor the reporting of irregular expenditure by departments and entities on a monthly and recommendations are made to the Executive Authority for consideration.

Fraud and Corruption

Honourable speaker the Province continues with its collaborative approach with other government institutions and key stakeholders to ensure that the province combat fraud and corruption to its root. As a result, the province held an Anti-Fraud and Corruption Session with HODs, CEOs and Municipal Managers, chapter 9 institutions and experts for the roll out of the National Anti-Corruption Strategy (NACS). To give effect on the implementation of National Anti-Corruption Strategy, the province will focus on the alignment of departmental and public entities strategies against the NACS through Fraud and Ethics Risk Management.

Management of Provincial Liquidity

Madam Speaker, the province continues to enhance the liquidity management to sustain a positive cash position that allows us to meet our daily obligations without impeding on payments to suppliers, hence-forth the reduction in our 30 day payments. We continue to invest excess cash

on short-term periods to generate additional revenue in a form of interest, we have thus far generated a total amount of R18 million in the current financial year. Furthermore, we will continue with our intent to build much needed provincial reserves to positively respond in case of an emergency, however this would be executed carefully taking into account funds required for service delivery in the province.

On Municipalities

Hon. Speaker, you will agree that effective governance is a key driver for change, therefore, the Provincial Treasury in partnership with CoGTA and the SALGA has commenced with Integrated Councillor Portfolio training from the 8th to 30th of March 2022 on the back of Integrated Councillor Induction Programme (ICIP) in February 2022 to the newly elected councillors in order provide them with “knowledge” on the following areas:

- Oversight Leadership in respect of key portfolio committees;
- Legislation that is applicable to Local Government;
- Municipal Budget Processes; and
- mSCOA and Service Delivery.

This macro learning pathway will support the Municipal Troika to a more formal training (NQF level 6) sponsored by LG Seta and Central University of Technology to improve governance and oversight. The ICIP and portfolio trainings is first pathway to incorporate councillors development as a preliminary trajectory to effective governance and to hold accounting officers and municipal officials to account. The province is committed towards building a capable state.

The departments of COGTA and Treasury will embark on a provincial roadshow focusing on good governance, accountability, financial management and service delivery.

Business of the day... The 2022 MTEF FISCAL FRAMEWORK

Honourable Speaker, once again I want to emphasize that in the midst of all these fiscal challenges; during the formulation of this budget the Executive's purpose remains clear. It is therefore our commitment to fiscal prudence, accountability and responsiveness in the use of limited public resources. Madam Speaker, we take wise council from our African forebears who taught us the wisdom of working together—the lesson from them is—*If you want to go fast, go alone; if want to go far, go together.* The budget we proposing today is exactly the results of working together; it is underscored by the collective wisdom and council of all our key

stakeholders - the Executive Council, the Forum of Departmental Heads, and our diverse departments and public entities.

The budget is underpinned by numerous intense discussions and consensus reached in the following forums, among others; the sectoral meetings at national, Technical Committee on Finance (TCF) the Fiscal and Finance Committee (FFC), Budget Council, Budget Forum that involves MECs responsible for Finances and various Cabinet meetings. Madam Speaker, the many consultations at the provincial level included, inter alia, our Provincial Medium-Term Expenditure Hearings, the National Benchmarking Exercise chaired by the National Treasury, Executive Council Budget Lekgotla, Public participation, the budget competition and finally the Executive Council of the Province.

Hon. Speaker, the total provincial fiscal framework for the 2022 MTEF period ahead amounts to R122.067 billion which represents an increase of 0.9% when compared to the 2021/22 budget. In other words, Madam Speaker, the province estimates to spend more than R122 billion in the next three years.

This budget is constituted as follows:

- R40.987 344 billion in 2022/23

- R39.864 350 billion in 2023/24 and
- R41.215 444 billion in 2024/25

The provincial budget framework is derived from three revenue stream of the Province. Let me briefly touch on each stream.

Provincial Equitable Share

The total equitable share allocation for the province over the MTEF period amounts to R92.325 billion with an allocation of R31.107 billion in 2022/23; R30.109 billion in 2023/24 and R31.109 billion in 2024/25. Our provincial equitable share grows at an average rate of 0.9% over the MTEF period.

Provincial Own Revenue

Hon Speaker, we estimate that during the MTEF the province will collect R1.143 billion in 2022/23, R1.165 billion in 2023/24 and R1.168 billion in and 2024/25 financial years.

Hon. Speaker, I must mention to the House that Provincial Treasury, together with departments and entities, is continuing working on improving systems of revenue management with the view to increase collections.

CONDITIONAL GRANTS

Conditional grants allocated to the province amount to R26.267 billion over the MTEF period. In 2022/23 the province will receive R8.737 billion and R8.591 billion and R8.939 billion for the outer two financial years, respectively. Madam Speaker, these grants fund infrastructure projects such as construction and maintenance of schools, clinics, roads; provision of houses to deserving families, key healthcare programmes and community social programmes such as early childhood centres and non-governmental organizations.

FINANCIAL ALLOCATIONS PER CLUSTER AND PER DEPARTMENT

ECONOMIC CLUSTER

Madam Speaker, our township economy and local business are essential to the province's growing economy. Investment in agriculture, infrastructure, creation of local industries and tourism must be increased. We must reduce unemployment, especially among youth and women. The province will invest more than R22.8 billion on economic and infrastructure programmes over the 2022 MTEF.

HUMAN SETTLEMENTS

MEC, Dukwana, we are assured in your leadership to develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements. Hon. Speaker, I would like to inform you that the Department will spend more than **R4.123 billion** implementing its key sector priorities over the upcoming MTEF. In the main, the budget allocation to the department provides for the implementation of comprehensive human settlements in the province with the following allocations;

- R1.332 billion in 2022/23,
- R1.368 billion in 2023/24 and
- R1.422 billion in 2024/25

PUBLIC WORKS AND INFRASTRUCTURE

MEC, Kolozi, we are confident in you to resolve, manage and maintain public sector assets. Madam Speaker, this department plays an important role in ensuring that provincial infrastructure projects are implemented on time and within the allocated budget. As far as the Expanded Public Works Programme is concerned the department have achieved all its targets, namely 2174 work opportunities created in (cash for waste 319,

community work programme 657, cleaning and greening 791, township revitalisation programme 93, national youth service 302 and EPWP administration 12

The Department will spend a total amount of **R5.683 billion** over the 2022 MTEF period ahead. The allocation is divided as follows:

- R1.814 billion in 2022/23,
- R1.774 billion in 2023/24 and
- R2.094 billion in 2024/25

The MTEF allocations above include an amount of R1.542 billion allocated for rates and taxes as well as Infrastructure Enhancement Allocation (IEA) of R264.1 million earmarked for township revitalization projects and maintenance over the MTEF period.

The allocations for 2022/23 include R6.2 million for Expanded Public Work Programme. This programme remains crucial in creating job opportunities in the province and we appreciate the work done by the department in coordinating the implementation of this programme.

POLICE, ROADS AND TRANSPORT

MEC, Bulwane thank you for supporting Free Staters in promoting integrated crime prevention initiatives and a programme of action to improve road safety. Madam Speaker, the execution of the multiple mandates that fall within the scope of the Department of Police, Roads and Transport is supported by a budget allocation of R2.794 billion in 2022/23, R2.841 billion in 2023/24 and R3.017 billion in 2024/25.

AGRICULTURE AND RURAL DEVELOPMENT

MEC, Skully Thembeni Nxangisa, we are reliant on your leadership to reignite Free State to the food basket status of South Africa. Madam Speaker, food security is the lifeblood of all evolving economies and therefore remains central to improving our economy. The Department receives an amount of R830.699 million in 2022/23, R803.769 million in 2023/24 and R849.518 million in 2024/25. Over the MTEF ahead the department is estimated to spend R2.484 billion.

ECONOMIC, SMALL BUSINESS DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS (DESTE A)

MEC, Mohale we are on the right trajectory transform the Free State economy in harmony with its natural resources. Hon. Speaker, the

Department continues to play a central coordinating role in our efforts to achieve economic transformation and growth in our province. We further indicated the need for inclusive economic growth that creates jobs and pushes back the challenges of poverty, unemployment and inequality. DESTEA’s mandate further includes regulation and support of small, medium and micro business enterprises, tourism as well as the protection and management of the environment.

The department is allocated an amount of R631.738 million for 2022/23, R619.660 million for 2023/24 and R663.660 million for 2024/25. Over the MTEF ahead the department is estimated to spend R1.915 billion

TRANSFERS TO PUBLIC ENTITIES

Free State Development Corporation	R6 million
Maluti a Phofung SEZ	R20 million
Free State Gambling and Liquor Authority	R104 million
Total	R130 million

SOCIAL CLUSTER

Madam Speaker, allocations to the social cluster amounts to R31.8 billion in 2022/23, R30.7 billion and R31.1 billion in the outer years, respectively. The allocation represents an average proportionate share of 77 percent of the total budget over the MTEF period. We will continue, Madam Speaker, protecting the sector in view of its critical role in the development of our communities. I must also hasten to indicate that the allocations towards projects that have the potential to ignite the economy must be increased over the MTEF period and this regard there are on-going discussions within the Executive Council to address this matter, amid the constraint fiscal space.

EDUCATION

Education is the passport to the future, for tomorrow belongs to those who prepare for it today, MEC Tate Makgoe, we once again would like to use this opportunity to congratulate the department for their sterling work and applaud you for maintaining the top performance status during the National Senior Certificate pass rate results.

Hon. Speaker, Education is a major determinant of economic growth, employment, and earnings. We have allocated an additional equitable

share funding of R1.359 billion over the MTEF. The allocation is to assist in addressing pressures related to the number of educators in schools and other shortfalls within the sector. Further, an earmarked allocation of R397.009 million for 2022/23 and R394.093 million for 2023/24 is allocated for the Presidential Youth Employment Initiative (PYEI).

The 2022 MTEF allocation to the Department of Education amounts to R17.293 billion in 2022/23, R 16.814 billion in 2023/24 and R16.622 billion in the outer financial year. Cumulatively, the department is allocated an amount of R50.729 billion over the MTEF.

HEALTH

Madam Speaker, let me equally join our Hon. Premier in congratulating the Department of Health on attaining number 1 in the country with regard to vaccination rollout.

Hon. Members, health is essential in eradicating extreme poverty and promoting economic growth and well-being. We have allocated additional funds totalling **R380 million** to the department to address the baselines for compensation of employees, medicine, food and food supplies and the issue of NHLS in the 2024/25 financial years.

Over the MTEF period, the department projects to spend more than R37.453 billion. The allocation is disaggregated as follows— R12.711 billion in 2022/23, R12.075 billion in 2023/24 and R12.666 billion in 2024/25.

SOCIAL DEVELOPMENT

Madam Speaker, Social Development led by MEC Mamiki Qabathe remains central in the fight against social ills such as poverty, homelessness, drug and substance abuse as well as women and children abuse. Hon. Members, I am delighted to indicate to the house that the department implemented the upgrading of Masupatsela from level to 2 to 3; furthermore, the department officially launched the State of the Art Substance Dependency Treatment Centre in Botshabelo during April 2021.

The department is allocated R1.179 billion in 2022/23, R1.160 billion in 2023/24 and R1.247 billion in 2024/25. Speaker, the allocations include earmarked funding to the tune of R436 million over the MTEF. We have therefore allocated an additional R6.5 million, R6.780 million and R7.085 million over the MTEF for the appointment of 92 social workers.

SPORT, ARTS, CULTURE AND RECREATION

MEC Limakatso Mahasa; thank for supporting local artists in townships, commencing with programme of change and we all await the relaunch of the Macufe festival. The impact of the pandemic on this industry cannot be denied. We acknowledge the key activities of cultural and sport-related programs that have a strong impetus for social cohesion and socio economic growth in our communities and therefore continue to be an essential way to advance our province's development agenda. The impact of the pandemic on this industry cannot be denied. We acknowledge the key activities of cultural and sport-related programs that have a strong impetus for social cohesion and socio economic growth in our communities and therefore continue to be an essential way to advance our province's development agenda. The budget allocation for the Department of Sport, Arts, Culture and Recreation totals R1.976 billion over the MTEF and is divided as follows:

- R665.733 million for 2022/23,
- R650.400 million for 2023/24 and,
- R659.732 million in the outer year.

The budget allocation for the Department of Sport, Arts, Culture and Recreation totals R1.976 billion over the MTEF and is divided as follows:

- R665.733 million for 2022/23,
- R650.400 million for 2023/24 and,
- R659.732 million in the outer year.

GOVERNANCE CLUSTER

Madam Speaker, our vision is clear. It is our goal to build a competent, ethical, and developmental province. We must continue to work on institutionalizing a clean, responsive, accountable, effective and efficient government. Hon. Speaker, over the next financial year the three departments together with the Free State Legislature which is the arm of the state will spend R5.181 billion.

OFFICE OF THE PREMIER

Congratulations Hon Premier on the bold decision that you took to create a service delivery technical team comprised of civil and electrical engineers. Quantity surveyors, town planners and ICT specialists to support your oversight role. The province will like to once again appreciate your visionary, decisive and diligent leadership. The office of the Premier receives R688.782 million in 2022/23, R683.065 million in 2023/24 and

R683.065 million in 2024/25. Over the MTEF ahead the Office of the Premier is estimated to spend R2.055 billion.

COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (COGTA)

Hon Speaker, The District development model, Hon Dukwana is a tool for alignment and collaborative planning and implementation across all spheres of government. Thank MEC, Mxolisi Dukwana for driving the municipal agenda for change, this is vital for the delivery of basic services to our communities. Our Government's resolve to enhance integrated planning amongst the three spheres is a great step towards achieving financial and technical efficiencies from the limited financial resources at our disposal.

COGTA is allocated R427.247 million in 2022/23, R428.035 million in 2023/24 and R440.238 million in 2024/25. Over the MTEF ahead the department is estimated to spend R1.296 billion.

PROVINCIAL TREASURY

Madam Speaker, the oversight role of Provincial Treasury is key in ensuring that the very limited public resources are utilized in an economic,

effective and efficient manner. Provincial Treasury is allocated R317.266 million in 2022/23; R317.724 million in 2023/24 and R330.274 million in 2024/25. In total Provincial Treasury is estimated to spend R965.264 million over the MTEF ahead.

FREE STATE LEGISLATURE

Hon. Speaker, thank you for the directing and inspiring the Members of the Provincial Legislature and for your leadership as the Executive Authority. the Provincial Legislature remains at the heart of institutionalizing accountability in the public sector. By making sure that the limited public resources yield better and tangible services for our people, this august house and its related committees play a central role in ensuring the sustainability of the public sector. Our Provincial Legislature is allocated R294.653 million in 2022/23; R285.535 million in 2023/24 and R285.535 million in 2024/25. In total, the Legislature is estimated to spend R865.723 million over the MTEF ahead. Should there be a need for additional allocations during the review we will affect the changes during the adjustment budget.

CONCLUSION

Hon. Speaker, permit me to express my indebtedness to the Premier and my colleagues in the Executive Council for their collective wisdom, inspiration, positive criticism and invention that they have brought to the budget improvement process.

I am grateful to the oversight function rendered by the different legislature committees. My appreciation goes out to the Chief Whip and the Propac Committee for their oversight role and holding the departments accountable to their target, budgets, performance plans and to the electorate.

The technical contributions of the Director-General, Heads of Departments and Chief Financial Officers during the finalization of this budget are equally applauded.

Similarly, let me convey my gratitude to the Acting Head of the Provincial Treasury together with the Senior Management and officials who has worked with diligent enthusiasm to ensure that we produce a budget that transforms the needs and aspirations of our people into concrete and achievable programmes.

I would like to thank the leadership of the African National Congress for their trust that I would execute this deployment ethically, with humility, and professionalism.

Lastly, I would like to thank my family for their unwavering support and courage. I am so grateful for your patience and tolerance.

Thank you for the people of Free State, you are the reason I wake up every day and being humble to serve.

This budget is for Free Staters and our MECs will outline further their Programme of Action.

May God Bless you all

Amandla!!!!

I thank you